

Sheridan School District No. 37

Grant County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

June 30, 2019



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GRANT COUNTY, ARKANSAS
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Arkansas



Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair

Rep. Richard Womack
House Chair
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Sheridan School District No. 37 and School Board Members
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Sheridan School District No. 37 (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, as described in Note 1, to meet the requirements of the State of Arkansas. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the State of Arkansas, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2019, or the changes in financial position for the year then ended.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2019, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Schedule of Capital Assets, and the Schedule of Selected Information for the Last Five Years – Regulatory Basis are presented for the purposes of additional analysis and are not a required part of the regulatory basis financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

The Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis have not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
January 28, 2020
EDSD14419

Arkansas



Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. DeAnn Vaught
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Sheridan School District No. 37 and School Board Members
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major governmental fund and the aggregate remaining fund information of the Sheridan School District No. 37 (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated January 28, 2020. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2019, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's regulatory basis financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Patrick Nutt". The signature is written in a cursive style with a long horizontal stroke at the end.

Patrick Nutt, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
January 28, 2020

Arkansas



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Senate Chair
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Sheridan School District No. 37 and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

We have audited the Sheridan School District No. 37's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT



Patrick Nutt, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
January 28, 2020

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2019

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
ASSETS				
Cash	\$ 7,567,814		\$ 13,080,655	\$ 263,341
Accounts receivable	14,994	\$ 383,982		90
Due from other funds	182,379			
Deposit with paying agent			2,647,059	
TOTAL ASSETS	<u>\$ 7,765,187</u>	<u>\$ 383,982</u>	<u>\$ 15,727,714</u>	<u>\$ 263,431</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 473,175	\$ 25,253	\$ 1,256,173	
Due student groups				\$ 170,663
Due to other funds		182,379		
Total Liabilities	<u>473,175</u>	<u>207,632</u>	<u>1,256,173</u>	<u>170,663</u>
Fund Balances:				
Restricted	216,388	176,350	8,955,818	92,768
Assigned	649,122		5,515,723	
Unassigned	6,426,502			
Total Fund Balances	<u>7,292,012</u>	<u>176,350</u>	<u>14,471,541</u>	<u>92,768</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,765,187</u>	<u>\$ 383,982</u>	<u>\$ 15,727,714</u>	<u>\$ 263,431</u>

The accompanying notes are an integral part of these financial statements.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 11,309,308		
State assistance	22,233,151	\$ 11,801	\$ 9,427,792
Federal assistance		3,311,657	219,960
Activity revenues	399,054		
Meal sales		645,606	
Investment income	247,680	7,986	222,891
Other revenues	272,209	8,270	64,678
TOTAL REVENUES	34,461,402	3,985,320	9,935,321
EXPENDITURES			
Regular programs	12,811,436		
Special education	1,574,454	793,815	
Career education programs	948,192	6,006	
Compensatory education programs	485,125	371,245	
Other instructional programs	1,944,747	10,129	
Student support services	1,524,140	212,518	
Instructional staff support services	2,190,097	550,376	
General administration support services	969,767	67,881	
School administration support services	2,003,174		
Central services support services	1,025,104	101	
Operation and maintenance of plant services	3,217,697	58,853	
Student transportation services	1,663,280	48,644	
Other support services	83,648	10,760	
Food services operations	5,326	1,768,064	
Facilities acquisition and construction services	591,898		26,249,721
Activity expenditures	303,691		
Debt Service:			
Principal retirement	101,947		795,000
Interest and fiscal charges	11,630		1,664,504
TOTAL EXPENDITURES	31,455,353	3,898,392	28,709,225
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,006,049	86,928	(18,773,904)
OTHER FINANCING SOURCES (USES)			
Transfers in			2,906,676
Transfers out	(2,906,676)		
TOTAL OTHER FINANCING SOURCES (USES)	(2,906,676)		2,906,676
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	99,373	86,928	(15,867,228)
FUND BALANCES - JULY 1	7,192,639	89,422	30,338,769
FUND BALANCES - JUNE 30	\$ 7,292,012	\$ 176,350	\$ 14,471,541

The accompanying notes are an integral part of these financial statements.

SHERIDAN SCHOOL DISTRICT NO. 37

Exhibit C

GRANT COUNTY, ARKANSAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 11,947,749	\$ 11,309,308	\$ (638,441)			
State assistance	22,192,052	22,233,151	41,099	\$ 11,621	\$ 11,801	\$ 180
Federal assistance				3,395,432	3,311,657	(83,775)
Activity revenues	565,336	399,054	(166,282)			
Meal sales				506,823	645,606	138,783
Investment income	55,000	247,680	192,680	10,500	7,986	(2,514)
Other revenues	98,333	272,209	173,876		8,270	8,270
TOTAL REVENUES	34,858,470	34,461,402	(397,068)	3,924,376	3,985,320	60,944
EXPENDITURES						
Regular programs	13,055,402	12,811,436	243,966			
Special education	1,625,607	1,574,454	51,153	790,687	793,815	(3,128)
Career education programs	1,010,650	948,192	62,458	6,382	6,006	376
Compensatory education programs	520,835	485,125	35,710	309,160	371,245	(62,085)
Other instructional programs	2,027,639	1,944,747	82,892	86,910	10,129	76,781
Student support services	1,424,879	1,524,140	(99,261)	268,922	212,518	56,404
Instructional staff support services	1,864,322	2,190,097	(325,775)	624,007	550,376	73,631
General administration support services	1,076,243	969,767	106,476	68,188	67,881	307
School administration support services	1,994,558	2,003,174	(8,616)			
Central services support services	1,076,926	1,025,104	51,822		101	(101)
Operation and maintenance of plant services	3,176,521	3,217,697	(41,176)	46,344	58,853	(12,509)
Student transportation services	1,687,681	1,663,280	24,401	40,096	48,644	(8,548)
Other support services	74,675	83,648	(8,973)	10,000	10,760	(760)
Food services operations	38,283	5,326	32,957	1,757,414	1,768,064	(10,650)
Community services operations				5,688		5,688
Facilities acquisition and construction services		591,898	(591,898)			
Activity expenditures	551,564	303,691	247,873			
Debt Service:						
Principal retirement	101,947	101,947				
Interest and fiscal charges	11,630	11,630				
TOTAL EXPENDITURES	31,319,362	31,455,353	(135,991)	4,013,798	3,898,392	115,406

SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2019

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 3,539,108	\$ 3,006,049	\$ (533,059)	\$ (89,422)	\$ 86,928	\$ 176,350
OTHER FINANCING SOURCES (USES)						
Transfers in	43,689,986		(43,689,986)			
Transfers out	(47,180,928)	(2,906,676)	44,274,252			
TOTAL OTHER FINANCING SOURCES (USES)	(3,490,942)	(2,906,676)	584,266			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	48,166	99,373	51,207	(89,422)	86,928	176,350
FUND BALANCES - JULY 1	7,446,264	7,192,639	(253,625)	89,422	89,422	
FUND BALANCES - JUNE 30	<u>\$ 7,494,430</u>	<u>\$ 7,292,012</u>	<u>\$ (202,418)</u>	<u>\$ 0</u>	<u>\$ 176,350</u>	<u>\$ 176,350</u>

The accompanying notes are an integral part of these financial statements.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The Board of Education, a seven member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Sheridan School District (District). There are no component units.

B. Description of Funds

Major governmental funds (per the regulatory basis of accounting) are defined as General and Special Revenue.

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Fund includes federal revenues and related expenditures, restricted for specific educational programs or projects, including the District's food services operations. The Special Revenue Fund also includes required matching for those federal programs, program income required to be used to further the objectives of those programs, and transfers from the general fund to supplement such programs.

Other governmental funds, presented in the aggregate, consist of the following:

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. The Capital Projects Fund excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Fiduciary Fund types include the following:

Agency Funds – Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

Private-purpose Trust Funds – Private-purpose trust funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

C. Measurement Focus and Basis of Accounting

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA). This basis of accounting is prescribed by Ark. Code Ann. § 10-4-413(c), as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Measurement Focus and Basis of Accounting (Continued)

The RBA is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, specific procedures for the identification of major governmental funds, and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts.

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and capital leases are reported as other financing sources. Changes in private-purpose trust funds will be reflected in the notes to financial statements.

D. Revenue Recognition Policies

Revenues are recognized when they become susceptible to accrual in accordance with the RBA, except for property taxes (see Note 1 F below).

E. Capital Assets

Information on capital assets and related depreciation is reported at Schedule 1. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at acquisition value when received. The District maintains a threshold level of \$1,000 for capitalizing equipment. Library holdings are not capitalized.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Improvements/infrastructure	20
Buildings	50
Equipment	5-20

F. Property Taxes

Property taxes are levied (tax rates are established) in November of each year based on property assessment (real and personal) that occurred within a specific period of time beginning January 1 of the same year. Property taxes are collectible beginning the first business day of March of the year following the levy date and are considered delinquent after October 15 of the same calendar year.

Ark. Code Ann. § 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of 2018 calendar year taxes collected by June 30, 2019 and 8 percent of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue property taxes or the option to accrue property taxes was not applicable because the amount of property taxes collected by June 30, 2019 equaled or exceeded the 8 percent calculation.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

F. Property Taxes (Continued)

Amendment no. 74 to the Arkansas Constitution established a uniform minimum property tax millage rate of 25 mills for maintenance and operation of public schools. Ark. Code Ann. § 26-80-101 provides the uniform rate of tax (URT) shall be assessed and collected in the same manner as other school property taxes, but the net revenues from the URT shall be remitted to the State Treasurer and distributed by the State to the county treasurer of each county for distribution to the school districts in that county. For reporting purposes, URT revenues are considered property taxes.

G. Interfund Receivables and Payables

Interfund receivables and payables result from services rendered from one fund to another or from interfund loans.

H. Fund Balance Classifications

1. Restricted fund balance – represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Assigned fund balance – represents amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed.
3. Unassigned fund balance – represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

I. Budget and Budgetary Accounting

The District is required by state law to prepare an annual budget. The annual budget is prepared on a fiscal year basis. The District does not prepare and submit amended budgets during the fiscal year. The State Department of Education's regulations allow for the cash basis or the modified accrual basis. However, the majority of the school districts employ the cash basis method.

The District budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis. Additionally, the District routinely budgets restricted federal programs as part of the special revenue fund. Significant variances may result in the budgetary comparison of the revenues and expenditures of the special revenue fund because of the reclassification of those federal programs primarily utilized for capital projects to the other aggregate funds for reporting purposes.

Budgetary perspective differences are not considered to be significant, because the structure of the information utilized in preparing the budget and the applicable fund financial statements is essentially the same.

J. Stabilization Arrangements

The District's Board of Education has not formally set aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise.

SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Minimum Fund Balance Policies

The District's Board of Education has not formally adopted a minimum fund balance policy.

L. Fund Balance Classification Policies and Procedures

The Superintendent, in conjunction with other management and accounting personnel, is authorized to assign amounts to a specific purpose. The District's Board of Education has not adopted a formal policy addressing this authorization.

The District's revenues, expenditures, and fund balances are tracked in the accounting system by numerous sources of funds. The fund balances of these sources of funds are combined to derive the District's total fund balances by fund. It is uncommon for an individual source of funds to contain restricted and unrestricted (committed, assigned, or unassigned) funds. The District does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted amounts are available. District personnel decide which resources (source of funds) to use at the time expenditures are incurred. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The District does not have a policy addressing which resources to use within the unrestricted fund balances when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

M. Encumbrances

The District does not utilize encumbrance accounting.

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 500,000	\$ 500,000
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	20,411,810	21,753,237
Total Deposits	\$ 20,911,810	\$ 22,253,237

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019 were comprised of the following:

Description	Governmental Funds		Fiduciary Fund Types
	General	Special Revenue	
State assistance	\$ 1,924		
Federal assistance		\$ 376,572	
Other	13,070	7,410	\$ 90
Totals	<u>\$ 14,994</u>	<u>\$ 383,982</u>	<u>\$ 90</u>

4: COMMITMENTS

The District was contractually obligated for the following at June 30, 2019:

A. Construction Contracts

Project Name	Estimated Completion Date	Contract Balance
East End Middle School renovations/architect	January, 2020	\$ 607,257
Middle School construction/architect	August, 2020	11,741,533
Campus wide renovations	January, 2020	164,957
High School renovations	January, 2020	1,994,941

B. Operating Leases (noncapital leases with initial noncancellable lease terms in excess of one year)

General description of leases and leasing arrangements: On July 2, 2018, the District executed a lease for 39 copiers. Terms of the lease were monthly payments of \$10,795 for 36 months.

1. Future minimum rental payments (aggregate) at June 30, 2019: \$269,875
2. Future minimum rental payments for the succeeding years:

Year Ended June 30,	Amount
2020	\$ 129,540
2021	129,540
2022	10,795
Total	<u>\$ 269,875</u>

Rental payments for the operating leases described above were approximately \$118,745 for the year ended June 30, 2019.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

4: **COMMITMENTS (Continued)**

C. Long-term Debt Issued and Outstanding

The District is presently paying on the following long-term debt:

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2019</u>	<u>Maturities To June 30, 2019</u>
<u>Bonds</u>					
7/1/08	2/1/33	2.5 - 4.25%	\$ 1,045,000	\$ 685,000	\$ 360,000
9/7/10	3/1/27	4.70%	5,000,000	5,000,000	
12/1/15	2/1/33	2 - 3.25%	13,440,000	11,645,000	1,795,000
12/1/16	2/1/47	2 - 4%	31,215,000	31,125,000	90,000
Total Bonds			<u>50,700,000</u>	<u>48,455,000</u>	<u>2,245,000</u>
<u>Direct Borrowings</u>					
4/7/14	4/15/24	4.29%	200,000	100,000	100,000
9/1/15	9/1/20	2.57%	410,000	170,267	239,733
Total Direct Borrowings			<u>610,000</u>	<u>270,267</u>	<u>339,733</u>
Total Long-Term Debt			<u>\$ 51,310,000</u>	<u>\$ 48,725,267</u>	<u>\$ 2,584,733</u>

Changes in Long-term Debt

	<u>Balance July 01, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>
Bonds payable	<u>\$ 49,250,000</u>		<u>\$ 795,000</u>	<u>\$ 48,455,000</u>
<u>Direct Borrowings</u>				
Installment contracts	<u>372,214</u>		<u>101,947</u>	<u>270,267</u>
Total Long-Term Debt	<u>\$ 49,622,214</u>	<u>\$ 0</u>	<u>\$ 896,947</u>	<u>\$ 48,725,267</u>

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

4: COMMITMENTS (Continued)

C. Long-term Debt Issued and Outstanding (Continued)

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 805,000	\$ 1,644,995	\$ 2,449,995	\$ 104,053	\$ 8,666	\$ 112,719
2021	825,000	1,628,283	2,453,283	106,214	5,648	111,862
2022	835,000	1,611,082	2,446,082	20,000	2,574	22,574
2023	850,000	1,593,622	2,443,622	20,000	1,716	21,716
2024	870,000	1,575,862	2,445,862	20,000	858	20,858
2025-2029	10,860,000	7,022,411	17,882,411			
2030-2034	8,410,000	5,217,619	13,627,619			
2035-2039	8,460,000	3,895,194	12,355,194			
2040-2044	9,850,000	2,419,225	12,269,225			
2045-2047	6,690,000	540,800	7,230,800			
Totals	<u>\$ 48,455,000</u>	<u>\$ 27,149,093</u>	<u>\$ 75,604,093</u>	<u>\$ 270,267</u>	<u>\$ 19,462</u>	<u>\$ 289,729</u>

Qualified School Construction Bonds

On September 7, 2010, the District obtained funding of \$5,000,000 from Qualified School Construction Bonds, a debt financial arrangement authorized by the American Recovery and Reinvestment Act of 2009. The District will deposit a specified amount annually into a sinking fund for 17 years. This amount plus interest earned will be used to retire the debt when due.

Security for Debt Payments

Ark. Code Ann. § 6-20-1204 specifies procedures to be followed if a school district is delinquent in a payment to the paying agent for bonded debt. As additional security, any delinquent payment for bonded debt will be satisfied by the Arkansas Department of Education (ADE). Depending on the date of the bond issue, ADE will recover the full amount of any delinquency payment through the withholding of a school district's state funding or a direct payment from the school district. There were no delinquent bond payments incurred by the District during the audit period.

5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2019 were comprised of the following:

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Vendor payables	\$ 467,948	\$ 25,253	\$ 1,256,173
Payroll withholdings and matching	5,227		
Totals	<u>\$ 473,175</u>	<u>\$ 25,253</u>	<u>\$ 1,256,173</u>

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

6: INTERFUND TRANSFERS

The District transferred \$2,906,676 from the general fund to the other aggregate funds for debt related payments of \$2,479,486 and for future capital projects of \$427,190.

7: RETIREMENT PLANS

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 1-800-666-2877, or by visiting the ATRS website at www.arts.gov.

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2019 were \$2,941,782, equal to the required contributions.

Net Pension Liability

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2018 (actuarial valuation date and measurement date) was \$25,197,303.

Arkansas Public Employees Retirement System

Plan Description

The District contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers certain non-teaching school employees. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 West Capitol Avenue, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or by visiting the APERS website at www.apers.org.

Funding Policy

APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute 5% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for school districts is 4% of covered salaries. The District's contributions to APERS for the year ended June 30, 2019 were \$2,881, equal to the required contributions.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

7: RETIREMENT PLANS (Continued)

Arkansas Public Employees Retirement System (Continued)

Net Pension Liability

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2018 (actuarial valuation date and measurement date) was \$22,008.

8: CHANGES IN PRIVATE-PURPOSE TRUST FUNDS

ADDITIONS	
Interest	\$ 647
Donations	8,763
	8,763
TOTAL ADDITIONS	
	9,410
DEDUCTIONS	
Scholarships	5,279
	5,279
CHANGE IN FUND BALANCE	
	4,131
FUND BALANCE - JULY 1	
	88,637
FUND BALANCE - JUNE 30	
	\$ 92,768

9: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$50,700,000 issued from July 1, 2008 through December 1, 2016. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$75,604,093, payable through February 1, 2047. Principal and interest paid for the current year and total property taxes pledged for debt service were \$2,456,508 and \$3,455,622, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 71.09 percent.

10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for board liability, student accident, and pre-school property coverage.

The District participates in the Arkansas School Boards Association – Workers' Compensation Trust (the Trust), a self-insurance trust voluntarily established on July 1, 1994 pursuant to state law. The Trust is responsible for obtaining and administering workers' compensation insurance coverage for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Trust is responsible for monitoring, negotiating and settling claims that have been filed on behalf of and against member districts. The District contributes annually to this program.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

10: RISK MANAGEMENT (Continued)

Additionally, the District participates in the Arkansas School Boards Association – Risk Management Program (the Association), a self-insurance program voluntarily established on February 1, 1984 pursuant to state law. The Association is responsible for obtaining and administering insurance coverage for property and vehicles for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Association is responsible for monitoring, negotiating, and settling claims that have been filed against member districts. The District pays an annual premium for its coverage of buildings, contents, and vehicles.

The District participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$300,000 with a \$2,500 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

Settled claims have not exceeded coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

11: ON-BEHALF PAYMENTS

The allocation of the health insurance premiums paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$534,961 for the year ended June 30, 2019.

12: DETAILS OF GOVERNMENTAL FUND BALANCE CLASSIFICATIONS DISPLAYED IN THE AGGREGATE

Description	Governmental Funds		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 3,430		
Educational programs - national school lunch state categorical funding	45,418		
English-language learners	6,774		
Professional development	39,598		
Capital projects			\$ 6,308,759
Child nutrition programs		\$ 176,350	
Kohlor Academy grant	75,431		
Special education programs	10,878		
Debt service			2,647,059
Other purposes	34,859		
Total Restricted	<u>216,388</u>	<u>176,350</u>	<u>8,955,818</u>
Assigned to:			
Capital projects			5,515,723
Student activities	649,122		
Total Assigned	<u>649,122</u>		<u>5,515,723</u>
Unassigned	<u>6,426,502</u>		
Totals	<u>\$7,292,012</u>	<u>\$ 176,350</u>	<u>\$ 14,471,541</u>

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

13: SUBSEQUENT EVENTS

On September 26, 2019, the District issued \$9,980,000 of construction bonds for the purpose of providing permanent financing of capital improvements.

SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 SCHEDULE OF CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2019
 (Unaudited)

Schedule 1

	Balance June 30, 2019
<i>Nondepreciable capital assets:</i>	
Land	\$ 1,836,231
Construction in progress	37,593,046
Total nondepreciable capital assets	39,429,277
 <i>Depreciable capital assets:</i>	
Buildings	34,819,285
Improvements/infrastructure	8,571,637
Equipment	10,421,809
Total depreciable capital assets	53,812,731
 Less accumulated depreciation for:	
Buildings	14,156,116
Improvements/infrastructure	3,116,622
Equipment	6,557,468
Total accumulated depreciation	23,830,206
Total depreciable capital assets, net	29,982,525
Capital assets, net	\$ 69,411,802

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
CHILD NUTRITION CLUSTER				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	2705		\$ 263,056
National School Lunch Program (Note 3)	10.555			59,979
Arkansas Department of Education - National School Lunch Program	10.555	2705		875,283
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	2705000		72,266
Total for National School Lunch Program				<u>1,007,528</u>
Total U. S. Department of Agriculture				<u>1,270,584</u>
TOTAL CHILD NUTRITION CLUSTER				<u>1,270,584</u>
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027	2705		890,935
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				<u>890,935</u>
OTHER PROGRAMS				
<u>U. S. Department of Defense</u>				
ROTC (Note 5)	12.AR24018			77,816
Total U. S. Department of Defense				<u>77,816</u>
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010	2705		666,624
Arkansas Department of Career Education - Career and Technical Education - Basic Grants to States	84.048	2705		54,256
Arkansas Department of Education - English Language Acquisition State Grants	84.365	2705		10,128
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367	2705		118,547
The Curators of the University of Missouri - Education Innovation and Research	84.411	C00051949-23		15,180
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424	2705		30,191
Total U. S. Department of Education				<u>894,926</u>
TOTAL OTHER PROGRAMS				<u>972,742</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 0</u>	<u>\$ 3,134,261</u>

The accompanying notes are an integral part of this schedule.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 2

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Sheridan School District No. 37 (District) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.
- Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Note 3: Nonmonetary assistance is reported at the approximate value as provided by the U. S. Department of Defense through an agreement with the U. S. Department of Agriculture.
- Note 4: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 5: The Federal CFDA Number was not available. An alternative identifying number was utilized.
- Note 6: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 7: During the year ended June 30, 2019, the District received Medicaid funding of \$132,516 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2019

Schedule 3

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Types of auditor's reports issued on whether the financial statements audited were prepared in accordance with:

Generally accepted accounting principles (GAAP) - adverse
 Regulatory basis - unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

FEDERAL AWARDS

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



SHERIDAN SCHOOL DISTRICT

DISTRICT ADMINISTRATION

400 NORTH ROCK STREET | SHERIDAN, AR 72150 | 870.942.3135 | WWW.SHERIDANSCHOOLS.ORG

Schedule 4

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

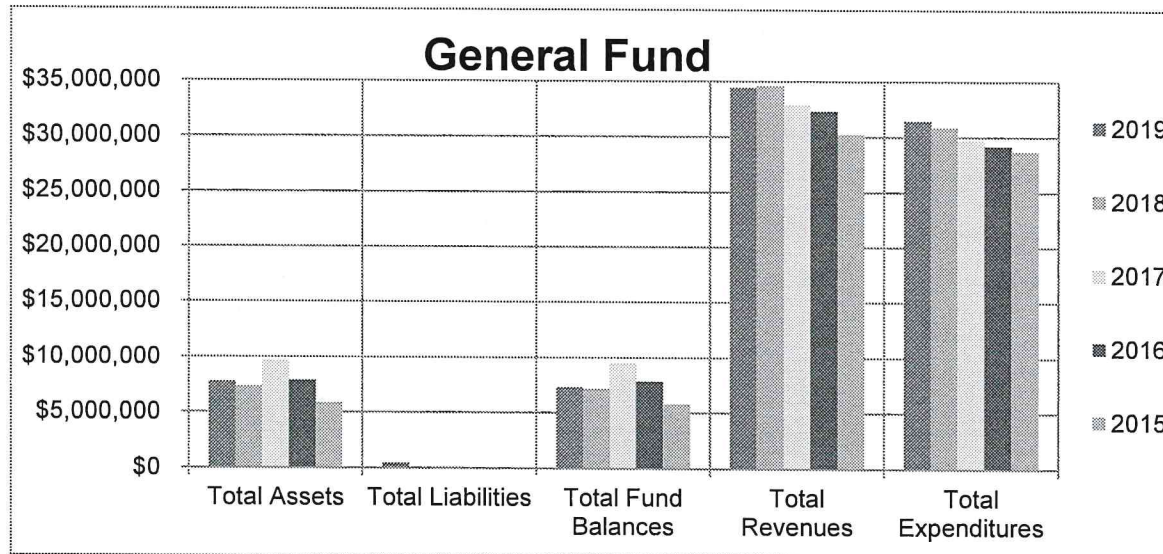
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior audit.

SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2019
 (Unaudited)

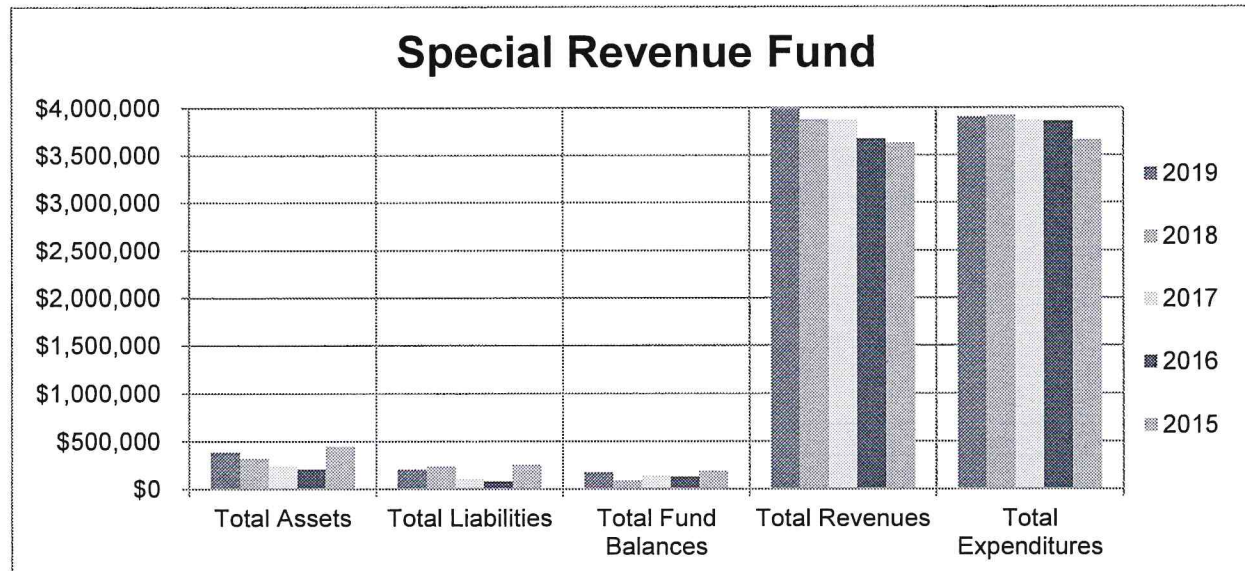
Schedule 5

General Fund	Year Ended June 30,				
	2019	2018	2017	2016	2015
Total Assets	\$ 7,765,187	\$ 7,302,882	\$ 9,663,748	\$ 7,869,231	\$ 5,837,234
Total Liabilities	473,175	110,243	206,721	28,999	22,084
Total Fund Balances	7,292,012	7,192,639	9,457,027	7,840,232	5,815,150
Total Revenues	34,461,402	34,606,727	32,929,942	32,334,573	30,230,927
Total Expenditures	31,455,353	30,897,227	29,802,519	29,203,793	28,694,838
Total Other Financing Sources (Uses)	(2,906,676)	(5,973,888)	(1,510,628)	(1,105,698)	(147,703)



SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2019
 (Unaudited)

Special Revenue Fund	Year Ended June 30,				
	2019	2018	2017	2016	2015
Total Assets	\$ 383,982	\$ 323,764	\$ 245,254	\$ 208,372	\$ 446,413
Total Liabilities	207,632	234,342	110,520	79,281	255,130
Total Fund Balances	176,350	89,422	134,734	129,091	191,283
Total Revenues	3,985,320	3,872,670	3,874,990	3,670,032	3,625,759
Total Expenditures	3,898,392	3,917,982	3,864,649	3,854,529	3,657,899
Total Other Financing Sources (Uses)			(4,698)	122,305	147,703



SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019
(Unaudited)

Other Aggregate Funds	Year Ended June 30,				
	2019	2018	2017	2016	2015
Total Assets	\$ 15,727,714	\$ 32,841,848	\$ 38,500,558	\$ 8,088,741	\$ 7,061,551
Total Liabilities	1,256,173	2,503,079	9,240	276,414	
Total Fund Balances	14,471,541	30,338,769	38,491,318	7,812,327	7,061,651
Total Revenues	9,935,321	3,024,716	509,081	258,482	2,426,825
Total Expenditures	28,709,225	17,151,153	2,614,502	1,002,059	1,356,006
Total Other Financing Sources (Uses)	2,906,676	5,973,888	32,784,412	1,494,253	

